

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF IOWA**

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In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

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)  
) Chapter 11  
)  
) Case No. 23-00623 (TJC)  
)  
) Jointly Administered  
)  
) Related to Docket No. 1224  
)

**DECLARATION OF JAMES PORTER IN SUPPORT OF FINAL FEE  
APPLICATION OF MCDERMOTT WILL & EMERY LLP, COUNSEL TO  
THE DEBTORS AND DEBTORS-IN-POSSESSION, FOR ALLOWANCE  
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

I, James Porter, being duly sworn, state the following under penalty of perjury and that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the former Chief Financial Officer of Mercy Hospital, Iowa City, Iowa (“Mercy”) and its debtor affiliates (collectively, the “Debtors”). I am currently a Senior Managing Director at Accordion, a management and advisory firm that provides services to organizations in various professional areas, including bankruptcy and corporate restructuring. I have spent more than 25 years working with distressed companies and organizations internationally and in the U.S., by providing turnaround and restructuring services as well as litigation support to maximize stakeholder value and return. Prior to joining Accordion, I held various leadership roles in distressed companies, including most recently as chief financial officer of Brookdale University Hospital and Medical Center and as an advisor to Mount Sinai South Nassau and St. John’s Episcopal Hospital. Prior to joining Accordion, I was a Managing Director at ToneyKorf Partners, LLC and prior to that, I was a Partner with Grant Thornton. Prior to that time, I worked with KPMG’s Corporate Recovery practices in the U.K. and subsequently in the U.S.

2. I hereby submit this declaration (this “Declaration”) in support of the *Eleventh Monthly and Final Fee Application of McDermott Will & Emery LLP, Counsel to the Debtors and Debtors-in-Possession, for Allowance of Compensation and Reimbursement of Expenses* [Docket No. 1224] (the “MWE Fee Application”). Unless otherwise stated, the facts set forth in this Declaration are based upon my personal knowledge of the industry and of the Debtors, my review of relevant documents, and my experience in my capacity as an officer of the Debtors during the above-captioned chapter 11 cases (the “Chapter 11 Cases”). If called to testify, I could and would testify competently to the facts set forth in this Declaration.

3. From April 3, 2023 to June 24, 2024, I served as Chief Financial Officer (“CFO”) of the Debtors. During my tenure as CFO, I was employed by ToneyKorf Partners, LLC, which was retained by the Debtors in the Chapter 11 Cases to provide interim management services to the Debtors. In the months following my appointment, I communicated constantly with representatives from McDermott Will & Emery LLP (“McDermott”) in their capacity as restructuring counsel to Mercy regarding, among other things, the operational and financial outlook of the Debtors and potential contingency planning scenarios. On August 7, 2023, following Board authorization, the Debtors, with the assistance of McDermott and Nyemaster Goode, P.C., filed for chapter 11 in the United States Bankruptcy Court for the Northern District of Iowa (the “Court”).

4. During the Chapter 11 Cases, I continued to communicate with McDermott representatives on a regular basis with respect to, among other things, restructuring and healthcare aspects of the Debtors’ sale of substantially all of their assets to the State of Iowa’s University of Iowa (the “University”), potential paths forward in various contested matters in the Chapter 11 Cases and related adversary proceedings, and settlement negotiations with key parties-in-interest,

including the Bondholder Representatives, the Official Committee of Unsecured Creditors (the “Committee”), and the Official Committee of Pensioners (the “Pension Committee”).

5. In my opinion, McDermott’s expertise, knowledge, and experience in both complex restructurings and healthcare<sup>1</sup> were critical to the Debtors’ success in these Chapter 11 Cases. *First*, as a participant in the auction and sale process, I witnessed the intense negotiations between the University and Bondholder Representatives and I believe that the restructuring and healthcare advice provided by McDermott was integral to negotiating, documenting, and consummating the Debtors’ sale of substantially all of their assets to the University to the benefit of all patients and local Iowa residents served by Mercy Hospital.

6. *Second*, as a participant in the hard-fought negotiations underlying the Debtors’ chapter 11 plan and the settlements contained therein, I believe that the recoveries to unsecured creditors (including pensioners) provided for in the Debtors’ confirmed chapter 11 plan would not have been possible without the efforts of McDermott, particularly with respect to its continued efforts to strike global peace by and amongst the Bondholders, the Committee, and the Pension Committee. At the outset of these Chapter 11 Cases, the recovery waterfall projected little to no recoveries for unsecured creditors, while the confirmed chapter 11 plan now provides for projected recoveries of 8-10% for holders of General Unsecured Claims and 8-10% for holders of Pension Claims. In my opinion, McDermott’s efforts to draft, negotiate, and prosecute the chapter 11 plan

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<sup>1</sup> In January 2024, McDermott was once again named Practice Group of the Year for Health Care by *Law360*. This was McDermott’s third consecutive year and eighth time overall receiving this honor. See *McDermott Named Law360 Practice Group of the Year for Health Care for Third Year in a Row*, Jan. 22, 2024, available at <https://www.mwe.com/media/mcdermott-named-law360-practice-group-of-the-year-for-health-care-for-third-year-in-a-row/>. Additionally, McDermott is the only law firm in the U.S. that is ranked as a “Band 1” healthcare law firm by Chambers, a rating McDermott has exclusively received for 20 straights years. See Chambers and Partners, Healthcare in Illinois, USA Guide 2024, McDermott Will & Emery, available at <https://chambers.com/department/mcdermott-will-emery-llp-healthcare-usa-5:62:12471:1:4384>.

were crucial to these increased creditor recoveries as well as the Debtors' efforts to confirm the plan.

7. *Finally*, it is my opinion that, without McDermott's assistance prior to and during the Chapter 11 Cases, receivership and/or closure of Mercy Hospital may have occurred to the severe detriment of its patients, local Iowa residents, and the surrounding community. As such, I believe that the outcome of the Chapter 11 Cases, as well as the care and safety of the patients at Mercy Hospital, may have been jeopardized, but for McDermott's efforts prior to and during the Chapter 11 Cases.

8. Importantly, during the Chapter 11 Cases, the Finance Committee (of which I was a member) of the Board of Directors of Mercy (the "Board"), reviewed and approved Mercy Hospital's budget report (which included both McDermott and other consultant fees) each month and recommended to the Board that each of them be approved. Following such recommendation, the Chairman of the Board also reviewed McDermott's invoices and fee applications with me in my capacity as CFO and subsequently approved the same, which were subsequently (and unanimously) approved by the Board. Accordingly, I believe that the fees and expenses requested by McDermott in the MWE Fee Application are reasonable, justified, and merited due to the services, expertise, and guidance provided by McDermott during the Chapter 11 Cases and the incredible results achieved by McDermott for the benefit of the Debtors and their estates, creditors, and patients.

*[Remainder of Page Intentionally Left Blank]*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: October 21, 2024

/s/ James Porter

James Porter  
Former Chief Financial Officer  
Mercy Hospital, Iowa City, Iowa